

Legislative Report



Report to the Legislature

Legislative Report Wage Increases for Adult Family Home and Boarding Home Low Wage Direct Care Workers

Chapter 7, Laws of 2001, E2, Section 206(12)
February 1, 2002

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Aging and Adult Services Administration
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Legislative Report
Wage Increases for Adult Family Home and Boarding Home
Low Wage Direct Care Workers

BACKGROUND

Engrossed Substitute Senate Bill (ESSB) 6153, The Appropriations Bill, states that funds:

...are provided solely for prospective rate increases intended to increase compensation by an average of fifty cents per hour for low-wage workers in agencies which contract with the state to provide community residential services for persons with functional disabilities. In consultation with the statewide associations representing such agencies, the department shall establish a mechanism for testing the extent to which funds have been used for this purpose, and report the results to the fiscal committees of the legislature by February 2002. The amounts in this subsection also include the funds needed for the employer share of unemployment and social security taxes on the amount of the wage increase.

The Legislative Budget Notes on the Omnibus Operating Budget state the following:

Long Term Care Worker Wages - Funding is provided to increase pay for low-wage workers who provide direct care for elderly and disabled persons in their own homes, in nursing homes, and in community residential programs. When combined with the vendor rate increases, funding is sufficient to increase hourly wages an average of 50 cents effective July 1, 2001....

INTRODUCTION

On July 1, 2001 the department prospectively adjusted rates for boarding homes and adult family homes (AFH) that contract with the department to provide community residential services for persons with functional disabilities. The boarding homes contract with the department to provide assisted living (AL) services, adult residential care (ARC) services, and enhanced adult residential care (EARC) services for persons with functional disabilities. To fund an average of fifty cents per hour raise for low-wage direct care workers, the department increased all daily rate categories by an amount estimated to achieve this purpose for staff providing care for Medicaid residents.

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In August of 2001, the department consulted with the statewide associations representing AFHs, ALFs, ARCs, and EARCs. In these consultations, the department discussed methods of communicating the legislative intent and tracking requirements for the prospective rate increase for wage increases.

In September of 2001, the department mailed a letter to all AFH, ALF, ARC, and EARC providers:

- Explaining the intended use of the funds; and
- presenting a methodology for identifying the amount of the rate adjustments within the Medicaid rate.

Also, in the letter, the department informed AFH, ALF, ARC, and EARC providers that the department may ask them to demonstrate the extent to which these funds were used for wage increases to low-wage workers that provide direct care to the elderly and disabled.

DATA COLLECTION

To determine the extent to which the rate increases were used to raise wages, in consultation with the statewide associations representing AFHs, ALFs, ARCs, and EARCs, the department developed a survey methodology. See attached survey form.

The department randomly selected a sample of 60 facilities:

- 30 AFHs from the approximately 2000 AFHs; and
- 30 ALFs, ARCs, and EARCs from the approximately 500 licensed boarding homes.

These samples were equally distributed between King County, all other metropolitan statistical area counties and all non-metropolitan statistical area counties.

The department sent a customized survey form to each facility indicating the estimated amount of funding the facility received for this purpose. The form went on to ask, for the four-month period from July 1, 2001 through October 31, 2001, whether the provider used the rate increases to increase wages. For providers that did not return a survey form, the department conducted a telephone interview to complete the survey. Approximately 30 providers responded by the December 21, 2001 deadline and a remaining 12 surveys were conducted by telephone in early January 2002. Respondents tended to provide more narrative information than numerical data.

FINDINGS

From July through October 2001, through the rate increases, the department dispersed to each of the 60 survey participants amounts ranging from \$75 to \$10,796. The facility average amount was \$1234.00. The 60 participants served at least 1 Medicaid resident and as many as 68.

Of the 19 AFH providers responding:

- 6 reported they didn't hire staff and owners and family members provided all care;
- 6 reported that the Medicaid rate is insufficient to cover their costs and any increases are used to reduce the deficit;
- 4 reported that they used the funds to provide year-end bonuses for their staff;
- 1 reported a wage increase of \$.25/hour for 1 nursing assistant;
- 1 reported giving a \$100/month increase to 1 registered nurse and \$50/month to 1 caregiver; and
- 1 reported that the increased funding went towards operations and services to residents.

Of the 23 boarding home providers responding:

- 13 reported giving an across-the-board pay increase of 2% to 6%;
- 4 reported that funds were used to grant raises to employees for longevity and performance;
- 2 reported "yes" to granting increases in wages for licensed practical nurses and nursing assistants, but didn't indicate how much;
- 1 reported increasing wages for caregivers an average of \$.25/hour and added that the additional Medicaid revenue did not fully fund this increase;
- 2 reported giving enhancements in the form of year-end bonuses and wage increases based on performance; and
- 1 reported giving across-the-board increases of 3.2% and scheduled longevity raises and added that the DSHS rate is lower than the cost of care.

The survey participants made the following comments about the rate increases to provide wage enhancements to low wage direct care workers:

- The majority, 73%, of providers reported the DSHS rate is not sufficient to cover costs of care and any wage enhancements are funded from other revenues.
- Some commented that because of the ripple effect that the funding was not adequate to adjust wages equitably. Allegedly, the ripple effect is

when low-wage workers receive a wage increase; higher wage workers demand that their wages be increased also.

- One adult family home provider said he hired a relief caregiver with the additional revenue so he and his wife could take some time off.

Conclusion

Providers in general feel that the Medicaid rate is inadequate to cover their costs of care and any increases in the Medicaid rate go towards funding the operation as a whole. Most providers adjust wages for general inflation, longevity and performance. Many also grant year-end bonuses. These compensation practices are part of an on-going provider policy and were not directly affected by this Medicaid rate adjustment.

While all boarding home providers increased compensation for staff in some manner, the results for adult family homes were mixed. Approximately one-third of the adult family homes were family operated and do not pay wages per se. The remaining adult family homes were split between using the rate increase to provide increased compensation or to offset other expenses of operation.

It may be worth noting that less than 30% of boarding home and adult family home residents are covered under Medicaid. Many providers may believe that raising private charges would be necessary to fully fund the intended wage increase. It could be assumed they are not willing to do this.



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Aging and Adult Services Administration
PO Box 45600 • Olympia, Washington 98504-5600

December __, 2001

Re:Low-Wage Earner Survey

Dear Adult Family Home Provider:

Engrossed Substitute Senate Bill 6153 provided additional funding intended to increase compensation for low-wage workers in adult family homes. This funding was implemented in the form of a rate increase effective July 1, 2001. This rate increase is \$____/day for a level one, \$____/day for a level two, \$____/day for a level three and \$____/day for a level four.

The bill requires the Department of Social and Health Services, in consultation with the statewide associations, is required to test the extent to which these funds have been used for the intended purpose and report to the fiscal committees of the legislature by February 1, 2002.

An estimate of the amount of funding you received based on having __Level one, __ level two, __ level three, __ level four state paid residents in your home from July 1, 2001 through October 31, 2001 is \$_____.

The questions on the enclosed survey are designed to gather information explaining how these funds were applied. If you have any questions about this survey, contact: me. Phone 360.725.2442-FAX 360.725.2641-Email rosagrl@dshs.wa.gov

This information will be used to develop report to the fiscal committees of the legislature. Please return the completed survey in the enclosed self-addressed stamped envelope or fax to (360) 725-2641 by **December 24, 2001**.

The legislature will use the information provided to make future budget decisions. All information is important and I urge you to take the time to complete the survey.

Sincerely,

Dick Rosage, Manager
Home and Community Rates

December __, 2001
Low-Wage Earner Survey

1. Adult Family Home Name and Provider Number

2. Were salary enhancements issued as a result of this funding? (Y or N)

3. If No, why _____

4. Hourly wages/salary increase enhancements were provided to:

a. Nursing Assistants (Y or N)

i. How _____

b. Licensed Practical Nurses (Y or N)

i. How _____

c. Registered Nurses (Y or N)

i. How _____

d. Others (Y or N)

i. Position Classification _____

ii. How _____

5. Non-permanent increases such as bonuses:

a. Nursing Assistants (Y or N)

i. How _____

b. Licensed Practical Nurses (Y or N)

i. How _____

c. Registered Nurses (Y or N)

i. How _____

d. Others (Y or N)

i. Position Classification _____

ii. How _____

6. Other – Describe what, who and how:

7. Comments on method or justification:

8. Other comments:

If you have any questions about this survey, contact:

Dick Rosage, Manager
Aging and Adult Services Administration
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Email rosagrl@dshs.wa.gov